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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

Renewal of the dialogue on strengthening international economic cooperation for development through partnership

Note by the Secretary-General

I. INTRODUCTION

1. The present note is in response to General Assembly resolution 48/165 of 21 December 1993, in which the Secretary-General was requested to submit to the Assembly at its forty-ninth session an analysis and recommendations on ways and means to promote a dialogue on strengthening international cooperation for development through partnership.

2. Taking the resolution as a point of departure, the note attempts to analyse the changing international context and its implications for development cooperation and, drawing upon past experience, makes some suggestions on how to renew the dialogue to revive such cooperation.

3. It is ultimately the responsibility of Member States to devise ways and means of engaging in constructive dialogue. The suggestions and ideas contained in the present note, and in many other studies within and outside the United Nations, could be tapped to create conditions conducive to dialogue, but without the requisite political will of the partners these conditions will not bear fruit.

II. WHY A RENEWED DIALOGUE?

4. One could legitimately ask the question: what is the need for a dialogue in the present international context? In other words, why must the dialogue be renewed? The resolution identifies a number of key elements of a response to this question: (a) the trends towards regional cooperation and integration, interdependence and globalization; (b) the links between peace, and prosperity,

between economic problems and between economic and social aspects of development; and (c) the recognition that the eradication of poverty, addressing disparities among countries and forging genuine cooperation and partnership for development are among the most compelling challenges facing the world community.

5. It is now widely recognized that the trends towards regional integration, interdependence and globalization, while positive in themselves, could have potentially negative effects for large groups of people or even countries that should be addressed by a process of continuous dialogue among all the actors affected by these trends. Thus, regional integration needs to be built on the basis of openness towards the rest of the world economy, so that it does not lead to a fragmented system of trading blocs and increased protectionism. Similarly, the growing interdependence among nations, exemplified by the increasing reliance of developed countries on developing country markets for export growth, suggests the need for dialogue to define the rules of the game on a more participatory and democratic basis. Risk management associated with market-driven globalization requires that all those involved talk to each other on a regular basis and devise appropriate measures to avoid, as much as possible, abrupt and destabilizing changes or response mechanisms to deal with such changes.

6. It is equally evident that the link between peace and prosperity has acquired new relevance. While ethnicity or religion might appear to ignite social and political conflicts, their underlying causes are seldom unrelated to economic and social deprivation. On the other hand, in rapidly growing economies even disparate groups acquire a vested interest in growth. But if disparities among and within countries continue to grow, if poverty continues to spread in some parts of the world and if a large and growing number of the world's people continue to exist on the margin, the peace and stability of the world will continue to be jolted by incessant conflicts and spreading chaos. The nexus between poverty and environmental degradation, on the one hand, and between exclusion and social and political conflicts, on the other, compels us to consider these as among the key challenges facing the world community that must be addressed through dialogue in a spirit of solidarity and partnership.

III. IS A RENEWED DIALOGUE POSSIBLE?

7. But even if one concedes, as one must on the basis of the foregoing, that a renewal of dialogue is indeed desirable, the question remains: is such a renewal possible? The resolution answers this question by pointing to the evolution in the commitment to cooperation and partnership for development in recent years as a sound foundation for a renewed dialogue. This new commitment is evidenced in the broad consensus reflected in several documents, especially the Declaration on International Economic Cooperation adopted by the General Assembly at its eighteenth special session, the International Development Strategy for the Fourth United Nations Development Decade, the Declaration on the Right to Development, the United Nations New Agenda for the Development of Africa in the 1990s, the Programme of Action for Least Developed Countries for the 1990s, the Cartagena Commitment adopted by the United Nations Conference on Trade and Development at its eighth session, and the Rio Declaration on

Environment and Development and Agenda 21 adopted by the United Nations Conference on Environment and Development.

8. It is significant that resolution 48/165 embodies a unanimous call for a renewal of the dialogue. The fact that a number of developed countries decided to join the developing countries in sponsoring this important initiative within the United Nations is in itself symptomatic of the new spirit of cooperation and partnership that the General Assembly wishes to invoke in renewing the development dialogue.

9. The question is how can this renewed commitment to cooperation be given tangible forms so that it can yield concrete benefits for all. Clearly, genuine cooperation can be elicited from countries only on the basis of mutuality of interest and equitable sharing of responsibilities. Any exercise that is designed to extract concessions by one group of countries from another or to impose preconceived ideas or conditions by some on others can at most produce artificial consensus with little impact on national policies. Such processes not only tend to devalue the forum in which these are conducted but also generate a negative public image and apathy towards international development cooperation in general.

IV. LEARNING FROM THE PAST

10. It is important therefore to learn the lessons from past experience so that a renewed dialogue is more effective. To place the present effort in a historical perspective, it may be useful to distinguish between the various phases of the evolution of the development dialogue in the past three decades.

11. The post-war period extending up to the early 1970s saw the emergence of a large number of newly independent States which soon came to recognize that political independence meant little without development, which alone could fulfil the aspirations of their people for a better life. They also realized the need for cooperation with and support from the developed countries to achieve their development goals. It was in response to this imperative that they turned to the United Nations and, in particular, to the General Assembly, as the most universal forum, which proclaimed the 1960s as the first United Nations Development Decade. The same aspirations led the developing countries to call in 1962 for a United Nations Conference on Trade and Development and in 1964 the "Group of 77" emerged as the "economic voice" of the developing world.

12. The developed countries responded, in general, positively to the call for cooperation by developing countries, mainly for two reasons: first, it was domestically a time of great optimism and growth for them; it was also a time when the goals of the welfare State were being pursued within their own societies and they felt a certain obligation to assist in the development of developing countries; secondly, the strategic and ideological competition between the East and the West created a strong incentive to engage in a dialogue and cooperate with developing countries.

13. On the other hand, developing country goals were relatively modest and realistic in terms of the capacity of potential response of industrial

countries: more aid, better trading opportunities and improvements in the international norms and rules of the game in such areas as technology, money and finance, and shipping. Thus, in many ways, economic opportunity came together with political necessity to create the conditions for a positive outcome.

14. The successful convening of the United Nations Conference on Trade and Development in Geneva in 1964, and the creation of UNCTAD as an organ of the General Assembly, set the stage for an institutionalized dialogue primarily through this new machinery; the second session of the Conference held at New Delhi in 1968 and the third session held at Santiago in 1972 registered steady progress. During this period such landmark international goals and agreements as the 0.7 per cent of gross national product (GNP) of developed countries as a target for official development assistance, the generalized system of preferences and international codes on restrictive business practices and liner conferences were successfully negotiated. The ideas of partnership and solidarity underlying the international discussions of that era found clear expression in the report of the Commission on International Development, the "Pearson Commission", published in 1969, which was appropriately entitled Partners in Development.

15. In retrospect, the 1960s are often viewed as a decade of great energy and progress. Vigorous economic expansion in the industrial world was accompanied by historically high growth rates in the developing countries, particularly in the second half of the decade, and significant social advances were evidenced in such indicators as literacy, life expectancy and infant mortality. However, the income gap between the developed and the developing countries continued to widen and poverty remained a widespread condition in the developing world.

16. The decade of the 1970s, on the other hand, was characterized by considerable economic and political turmoil. The end of the fixed exchange rate regime instituted at Bretton Woods and the delinking of the dollar from gold, together with the quadrupling of oil prices in the early 1970s set the stage for a period of low growth and high inflation in the industrial world and the rapid escalation of the burden of external debt of a large number of oil-importing developing countries. The Middle East conflict of 1973 and the ensuing oil embargo created new anxieties among Western industrial countries about the security and stability of energy supplies. As developing countries sought ways of obtaining more remunerative prices for their raw material exports, many in the West feared the formation of commodity cartels and many in the developing countries suspected moves by the West to transfer to them the burden of adjustment through higher prices of their manufactured exports. It was in this climate of mistrust and suspicion that a new phase of intensive development dialogue took shape, with a significant shift in the terms on which it was conducted as well as in the goals pursued.

17. The Fourth Summit Conference of the Non-Aligned Countries held in September 1973 could well be considered a turning-point which ushered in this phase of the development dialogue. Following the success of the Organization of Petroleum Exporting Countries (OPEC) in raising oil prices, the developing countries made a concerted push for a new international economic order aimed at a major restructuring of the world economy. But the apparent consensus achieved on its aims at the sixth and seventh special sessions of the General Assembly

proved ephemeral, as it was followed by the unsuccessful attempt at negotiating a broad range of agreements on raw materials, finance, energy and trade at meetings of the Conference on International Economic Cooperation held in Paris in 1976 and 1977. This phase culminated in the convening of the Cancún Summit 1/ and the failed attempt to launch "global negotiations".

18. The experience of the 1970s clearly shows that a climate of mistrust is not conducive to forging genuine consensus. It also demonstrates the inherent difficulties in reaching agreement on sweeping changes in international economic structures and points to the need for a more gradualist and more realistic approach designed to build consensus for incremental change. It also suggests that if a consensus is not genuine, but forced, it does not in the end bring about the desired changes in policies or institutions. Finally, it underscores the importance of a propitious political and economic environment if development dialogue is to bear fruit.

19. A number of developments and trends that have become increasingly pronounced during the 1980s and early 1990s have profoundly affected the course of the development dialogue in the recent past. In the early 1980s, the onset of the international debt crisis, a global recession and a steep fall in commodity prices triggered a serious set-back to development in a large number of developing countries, particularly in Africa and Latin America, and shifted the principal focus of international discussions to their immediate concerns.

20. At the same time, a major inward turning of the Western countries to domestic policy concerns and the trend towards the revamping of the welfare State, deregulation and privatization influenced deeply their attitudes and policies in the international arena. Equally significantly, a number of developing countries of East and South-East Asia, and more recently of Latin America, have emerged as important new poles of growth generating the impulses necessary to pull the world economy out of recession. This, together with the trend towards globalization, has contributed to increased interdependence and integration in the global economy.

21. On the political front, the collapse of communism in the former Soviet Union and Eastern Europe has removed the ideological factor from the development equation, but has introduced a new dimension of the Eastern economies in transition which are actively seeking assistance and support for their efforts to integrate into the world economy. That equation itself is becoming more fluid with the growing trend towards regional and other cooperation arrangements between developed and developing countries, such as the North American Free Trade Agreement (NAFTA), the evolving institutional links among the Pacific rim countries (such as Asia-Pacific Economic Cooperation (APEC)), and between the European Union on the one hand and the Maghreb countries, the members of the Gulf Cooperation Council and the Association of South-East Asian Nations (ASEAN) on the other. These trends, linked as they are to the evolving patterns of investment and trade and to the emerging regional and subregional cooperation arrangements in Africa, Asia and Latin America with an open policy stance towards the rest of the world, suggest that greater integration into the world economy is becoming a unifying aim that can provide a common platform and a framework for joint action.

22. The turn towards democratic and pluralistic forms of governance and the adoption of more open and market-oriented policies by a large number of developing countries is also bringing about a growing convergence of views on development policies. Instead of pursuing autarkical goals, most developing countries are now seeking greater integration into the world economy. The recent groundswell of non-governmental and community-based organizations active in the development arena is creating its own momentum towards pragmatic and people-oriented approaches and development strategies. Thus, a combination of political factors and economic forces has once again led the developing countries to a realistic reappraisal of the strategy pursued by them hitherto in the dialogue with their development partners. In the words of the South Commission:

> The urgency of the case therefore calls for renewed efforts to mobilize opinion in the North. It is necessary to set up arenas and forums in which exchanges and negotiations can take place, to identify governments and groups with which agreements can be sought in specific areas, to define objectives and set priorities among them so that the initially possible way open a sequence of steps towards the ultimate goals. The South must strive for a revival of the North-South dialogue on a more meaningful and realistic basis. 2/

23. Perceptions and attitudes are also evolving in the industrial world. Developed countries sense in the new international context an opportunity for dialogue on a new footing that would be devoid of ideological rhetoric and confrontation. Deeply concerned about the spread of instability in many parts of the world and about such transnational problems as environmental degradation, illegal migration, illicit drugs, crime and infectious disease, they feel the need for international cooperation as a means of bringing about orderly and mutually beneficial outcomes. There is also growing concern among them about the inadequacy of the current functioning of the international institutions as evidenced by the recent communiqué of the Group of Seven which called for an examination of this issue at the Halifax Summit of the G7 in 1995. At the same time, the prospects for growth in the world economy have improved significantly, making it possible to envisage a revival of development cooperation through dialogue. The current confluence of forces and trends therefore suggests that this is a propitious time to usher in a new, more constructive phase of the development dialogue that is non-confrontational and is based on mutual interests and benefits, genuine interdependence and partnership.

V. TOWARDS A RENEWED DIALOGUE

24. If the international dialogue is to be renewed on a sound foundation, however, it must be based on a clear recognition of the difficulties arising from the current trends in international development cooperation.

25. The Brandt Commission report, North-South: A Programme for Survival, published in 1980, observed under the heading "The North-South Divide" that there were obvious objections to a simplified view of the world as being divided into two camps. Today the dynamics of diversity among developing countries and the emergence of economies in transition in Eastern Europe have rendered such a

view even less relevant. Diversified interests within and among groups of countries are making the task of harmonizing them ever more complex.

26. But perhaps the most significant event in changing the character of development cooperation has been the end of the cold war. Although the East-West conflict no longer fuels the confrontation in the development debate, the end of the cold war has also created a situation where official development assistance to the developing countries has been drastically reduced and its whole rationale is coming under close scrutiny.

27. As cold war considerations have faded in the development discussions, new ones have come to the fore. The environmental sustainability of development has emerged as a major concern. With the growing recognition of "government failure", the continuing marginalization of the poorest countries and the persistence of poverty, the prescriptions and policies of the past are being questioned and a more people-oriented and sustainable development paradigm is being proposed. There is a growing convergence of views about democratization, human rights and good governance. But it is not only the waning of ideologies that has changed the context of development cooperation. In developed countries, the idea of the welfare State has come under attack. Moreover, beset by high unemployment and budget deficits, these countries no longer feel as rich as in the past. They feel obliged to cut their spending on urgent domestic needs and are less forthcoming in foreign aid.

28. These changes, which by themselves already suffice to have a profound effect on development cooperation, are further amplified by the process of market-driven globalization. One notable consequence of globalization is the erosion of the autonomous capacity of the nation State to shape economic outcomes and the increasing prominence, both domestic and international, of non-State actors, such as transnational corporations, private financial institutions and non-governmental organizations. With the sheer number of actors and the large sums of money they command, the possibility for Governments to formulate policies effectively on their own has declined substantially.

29. Considering these forces bearing down on international relations, it is not surprising that for many the traditional forms of development dialogue have lost much of their relevance and purpose. Yet, international development cooperation is needed more than ever, considering the possible adverse effects of globalization, the many new opportunities that have opened up for countries and peoples, and the linkages that exist between peace, security, development, poverty and the environment. These linkages call for an integrated approach to develop rules of the game that would provide a stable and equitable framework for the smooth functioning of various actors in the world economy. Mutual trust and responsibility are important ingredients for effective cooperation, especially in cases where interests do not coincide. Therefore, a renewed international dialogue, particularly between developed and developing countries, should not be based on the rich versus the poor dichotomy but rather on a new partnership for development, in other words, on mutual interest.

30. With development cooperation based on mutual interest, the United Nations should be the natural place where narrow and short-sighted national self-interests are overcome. However, transforming national self-interest into

mutual interest requires discussions and negotiations at a high political level. It also requires agreements on tightly defined sets of issues that can engage the mutual interests of all groups and that are ripe for consideration at a high political level. Furthermore, the dialogue would need to be structured in such a way that clearly defined interlinkages among the issues under consideration could yield benefits for all participants. This would imply careful preparation and prior consultation on the level, agenda and the form of the discussions as well as on the nature of their outcomes.

31. It must be recognized, however, that genuine progress in harmonizing diverse interests requires painstaking and sometimes arduous discussions that may not always yield immediate results. The temptation to produce resolutions that draft away differences but do not command genuine consensus should be resisted. A varied approach to the nature of the outcome depending upon the degree of progress that can be achieved on given issues might yield more fruitful results. Ways must also be found to preserve and enhance the principles of universality and democratic participation, on the one hand, and devise arenas and forms that are conducive to genuine dialogue and produce effective results, on the other.

32. Within the United Nations, development dialogue has been conducted traditionally between Governments. With few exceptions, the interactions with outside actors have been limited largely to consultations with non-governmental organizations. This has often made for a relatively closed process engendering little public response or support. A renewed dialogue must be engaged keeping in view a wider audience than its immediate interlocutors. The effort to create a momentum for change through dialogue and cooperation necessitates the involvement of major groups that are affected by such changes whose support is vital for success. While preserving the essential intergovernmental character of these debates, it should be possible to enrich them with innovative ways of involving such non-State actors as transnational corporations, business groups, academic and scientific institutions, non-governmental organizations, community-based organizations and representatives of major social groups, not least from the developing countries. Important lessons can be drawn in this regard from the experience gained in the preparatory process of the United Nations Conference on Environment and Development, held at Rio de Janeiro, Brazil, in June 1992, as well as its follow-up. More recently, the World Hearings on Development convened by the President of the General Assembly in June 1994, in response to General Assembly resolution 48/166 of 21 December 1993 on an agenda for development, demonstrated the value of greater openness to and involvement of the public interest in the debates on the economic and social issues confronting the international community.

33. Given all the above considerations, what are the means available for renewing the development dialogue? At the global level, the United Nations has the advantages of universality, political legitimacy, the potential of promoting integrated solutions and the strength it derives from its links with a host of specialized agencies and others, including the Bretton Woods institutions. The momentum created by the discussions and an eventual consensus on an agenda for development should greatly enhance the capacity and attractiveness of the world organization as a forum for genuine dialogue.

34. As a step in that direction, the presence of high-level representatives during the early part of the General Assembly's sessions could be utilized as an opportunity to organize in the plenary session a high-level and focused dialogue on a major theme, relevant to current and emerging economic and social issues on the global agenda. As suggested above, such high-level meetings would need to be adequately prepared through prior consultations among Member States, and the involvement of organizations of the United Nations system as well as non-State actors and groups outside the system. The high-level meetings being convened at the current session on an agenda for development could well be considered a step in that direction. Consideration should also be given to convening periodically, perhaps every three years, special sessions of the Assembly on major issues relating to international economic cooperation for development that are identified and prepared along the lines suggested above.

35. Recourse could also be had to occasional summit-level meetings of a representative character to advance political understanding and consensus for change at the highest level and, wherever possible, forge commitments and give guidelines for more detailed negotiations and agreements in the appropriate international forums. The occasion of the fiftieth anniversary of the Organization could be used to cement an agreement at the highest level on an agenda for development and initiate a new phase of the development dialogue within the United Nations.

36. Beyond these possible approaches, it is essential for the United Nations system to function on a more coherent and cohesive basis so that the policy understandings and impulses generated centrally could have more of an impact in technical and specialized forums of the system. By the same token, if the system were to be knit more closely together, the dialogue at the global level could benefit more fully from the technical inputs from specialized institutions as well as from the variety of experience at the regional level through the regional commissions. It is hoped that an agreement on an agenda for development will bring about progress in this direction.

37. As noted earlier, the evolution of regional and interregional cooperation arrangements has accelerated in recent years. These have been accompanied by high-level gatherings of a more or less formal nature, in which important issues relating to international economic cooperation are discussed. It is vital that the United Nations develop a capacity to keep abreast of these trends and strengthen its links with such regional and interregional forums so that the discussions in the world body can benefit from using a variety of formal and informal channels. Furthermore, it may be beneficial to explore ways of devising links and contacts between such established summit processes as those of the G7, the Organisation for Economic Cooperation and Development (OECD) and the Non-Aligned Movement.

38. In its broadest sense, development dialogue offers the international community an opportunity to discuss, agree upon and apply the principles and build the institutions necessary for the well-being and growth of an increasingly interdependent global community. In other words, it is part of the search for better global governance. If understood in this sense, renewed dialogue and strengthened cooperation are inescapable.

Notes

1/ International Meeting on Cooperation and Development at the Level of Heads of State and Government, held at Cancún, Mexico, in October 1981.

2/ The Challenge to the South: The Report of the South Commission (New York, Oxford University Press, 1990), chap. 5, pp. 225-226.